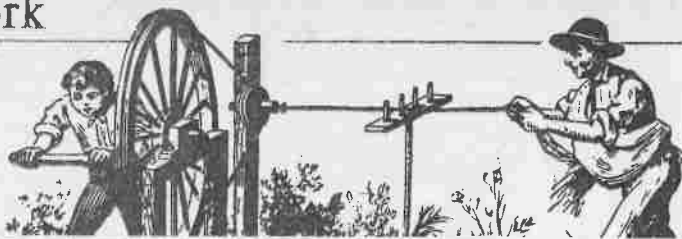


Society at work



Lost in the puzzle of social security

Eric Briggs and Tony Rees

We know only too well what the general public thinks about the supplementary benefits scheme, and its beneficiaries. But what do claimants themselves think of the scheme? In a survey of 690 people who were on benefit, had just come off it, or who had unsuccessfully applied, in three areas of England, we found that they held many misconceptions about the scheme: particularly, about how the scheme is financed, how benefit (and rent allowances) are assessed, and what benefit is supposed to be spent on.

We asked if they saw their supplementary benefit as a legal right or form of charity. Overall, 57 per cent of respondents plumped for "legal right" and 19 per cent for "charity"; 8 per cent thought supplementary benefit was a bit of both. The remainder did not know, or did not answer, or saw the scheme in a different light.

The reasoning behind the answers is of interest. A number of claimants seemed to regard their supplementary benefit as charitable, because they had not contributed for it in the same way as for their National Insurance benefits. Others regarded it as a "right" because they believed they had paid for them through the "stamp." Others knew that supplementary benefits were financed through taxation, but advanced the opinion that since the claimant had paid taxes in the past this alone ensured their entitlement.

A lien on benefits

General taxation, therefore, was seen as operating in the same way as the NI contribution—previous payments constituted a lien on present or future benefits. "It's a citizen's right, you pay your taxes," said one young married man. A few people mentioned contributions and taxes in the same breath, like a single unemployed woman, who commented: "I'd rather be independent, but I have paid in insurance and tax all these years."

Notions about the financing of benefits—accurate or inaccurate, or some mixture of the two—had a profound effect on attitudes to the Supplementary Benefits Commission and towards other claimants. The regularity of the view that current benefits were guaranteed by previous contributions of some kind is a tribute to the enormous psychological effectiveness of National Insurance over the past 65 years—few people seemed to be aware of the pay-as-you-go nature of all social security payments, or that, for

example, existing old age pensioners had only paid themselves a fraction of the capital sum needed to assure their own pension actuarially.

One corollary of this prevailing pattern of beliefs was that groups of claimants who had clearly not contributed very much to date were frequently singled out for derogatory comments. The young married man, quoted above, said: "We're more entitled to it than the darkies who've never paid"; and the woman, "All these young wives getting help haven't been working all their lives."

A majority—52 per cent—had some other source of income which was taken into account in assessing their entitlement to benefit. (Most saw this calculation as a "deduction" from their benefit entitlement: this is not surprising, since it was described in this way on the explanatory notice of assessment that most of them had recently received.) These deductions left some with a weekly income that was below their full entitlement. Most of these claimants accepted the principles behind the deduction (or, as the DSS would describe it, the "income taken into account"), even though few understood how the actual amount deducted was calculated. The treatment of income from capital highlights this problem: claimants with over £1,250 capital are expected to spend some of it on maintaining themselves. The total sum deductible is calculated on a tariff of 25p per £50. While most of them could compute the deduction, practically none of them could understand how or why this formula was adopted.

The situation arising from this tariff reduction was complicated by two further factors. First, some claimants were assessed on capital resources which had (or which they regarded as having) no immediately realisable cash value. Thus, they felt that the deductions were even more arbitrary. One claimant, for example, possessed a house which he let at a controlled rent. But he was—rightly, according to the law—assessed on the income that would come from the capital realised by its sale.

Second, some claimants had actually calculated the annual rate of interest needed to produce 25p per week from £50. It was considerably higher than they had been able to obtain from any commercial investment. They naturally felt that they were being unduly harshly treated.

Similarly, most claimants who had the full rate of supplementary benefit reduced because unemployment benefit was suspended or disallowed, understood that the deductions were a penalty (most probably for having left work voluntarily), and to a certain extent they accepted this. But the deductions are usually fixed, and it was the actual amount of the deductions which puzzled them.

These were deductions which existed and genuinely affected individual claimants. But claimants also believed that deductions which did not exist were being applied by the commission. There was, for example, quite a strong belief that the value of an owner-occupied home was taken into account in assessing the level of benefit. One in four of the people interviewed thought that this was the case, and many more (56 per cent) did not know if the value of the house was taken into account or not. Only 111 claimants (16 per cent) correctly said that it was not (and doubtless a few of those simply guessed right).

This ignorance was concentrated among tenants, the vast majority of whom failed to come up with the correct answer. But if this misapprehension is widely held among the public at large, it may account for the non-claiming of benefit by some eligible owner-occupiers.

There were occasional indications of similar misconceptions involving supposed penalties attached to assets other than a house. Take, for example, this comment from one unemployed man: "I wouldn't say that they give you the exact money you need—not for everything you want—they take things off for luxuries like a car."

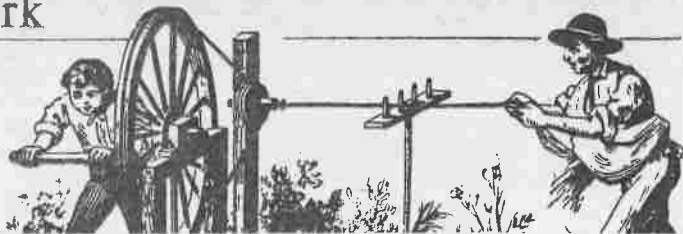
The sums of money given to cover claimants' rents also caused confusion. Basically claimants were bemused by the fact that the weekly "rent allowance" allocated by the local social security office differed from their actual weekly rent. This was usually because the office calculated the rent allowance on the basis of 52 weekly payments, whereas many claimants paid rent for only 50 weeks and had two rent-free weeks from the local council. Thus the weekly amount allowed was less than claimants had to pay each week, but did provide the correct total rent payable over the full year.

A household means-test

Uncertainty was also found among claimants who were living in a relative's household and receiving only 90p (now £1.70) weekly for their rent. First, some claimants could not understand why they were not given their full share of the rent, especially as the householder in whose home they lived expected them to pay it. Second, they did not understand how the sum was arrived at. To many it seemed totally arbitrary and insufficient.

Couples (or single parents) on SB who had working sons and daughters living with them were also confused—and, indeed, upset—by the commission's policy. In such cases, the local office calculated a "rent share" to cover a contribution towards the rent by the young workers and reduced the

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rent allowance payable. The most common complaint was that the sons or daughters were not making a contribution—or were paying less than the "rent share" calculated. Thus the parents were forced to use some of their non-rent allowance to pay the rent.

Some parents argued that their child was unable to meet a share of the rent because of some other serious financial commitment, like maintenance for an ex-wife. They thought the commission should take this into account. Underlying this, however, many claimants were unable to understand why they should be placed in a situation where they had to force their children to pay for their rent.

Had they but known it, their resentment might have been compounded by the fact that the commission—surely quite invalidly?—has it both ways here. If it had been the children, rather than the parents, who had been the claimants, they would have been assessed as non-householders and would have received, at the time, only 90p towards their housing costs, notably less than the usual assessed "rent share."

As things stand, the commission's policies in these areas amount to a watered-down household means-test which can cause hardship both to claimants and the households in which they live.

Pensioners had a different, and more surprising, problem. For a large number of the pensioners in our sample the difference between their national insurance pension and their full SB entitlement roughly amounted to what they actually paid in rent. Thus,

many of them firmly believed that the commission was simply an agency that paid rents for people. They showed no knowledge of the range of other allowances—for heating costs, for example—that they might have been entitled to.

Claimants were often unsure about the sort of things that they were expected to purchase with their benefits. Naturally, they all realised that they would have to buy food and pay the rent. But beyond that there was some confusion about what they could and should buy with the money—or, indeed, about what they could and should not buy. The few who ran a car were often defensive about the fact. A disabled man in the north of England said: "I couldn't afford to marry my daughter, and was worried in case the social security might look in the paper and think we paid for it."

The main problem here involved heating costs. Those who receive a regular weekly addition for heating obviously realised they were being granted something extra. However, 70 per cent of our respondents did not know that weekly payments included a sum which was supposed to cover normal heating and lighting costs. This seems quite a high level of ignorance. The very fact that some claimants were receiving extra weekly additions for heating suggested to others that the basic scale rates did not include an allowance for heating.

Thus when bills arrived, difficulties arrived. There was a common belief that if the claimant could not pay a quarterly bill, the local office would oblige. This was com-

pounded by the fact that very many claimants claimed to know of (though not necessarily to know) some other claimant who had had bills paid through DSS offices.

Some of the beliefs that we charted, like these, involved the discretionary powers of social security officers—the area which has been accorded so much critical attention by academics, politicians and others. Most of them, however, including those concerned with the scale rates and with deductions, were not of this kind at all. The aspects of the scheme which gave rise to most bewilderment, and sometimes to a sense of injustice, had in common that they rested on a fixed and clear body of rules, laid before parliament. These could not be changed at the local level.

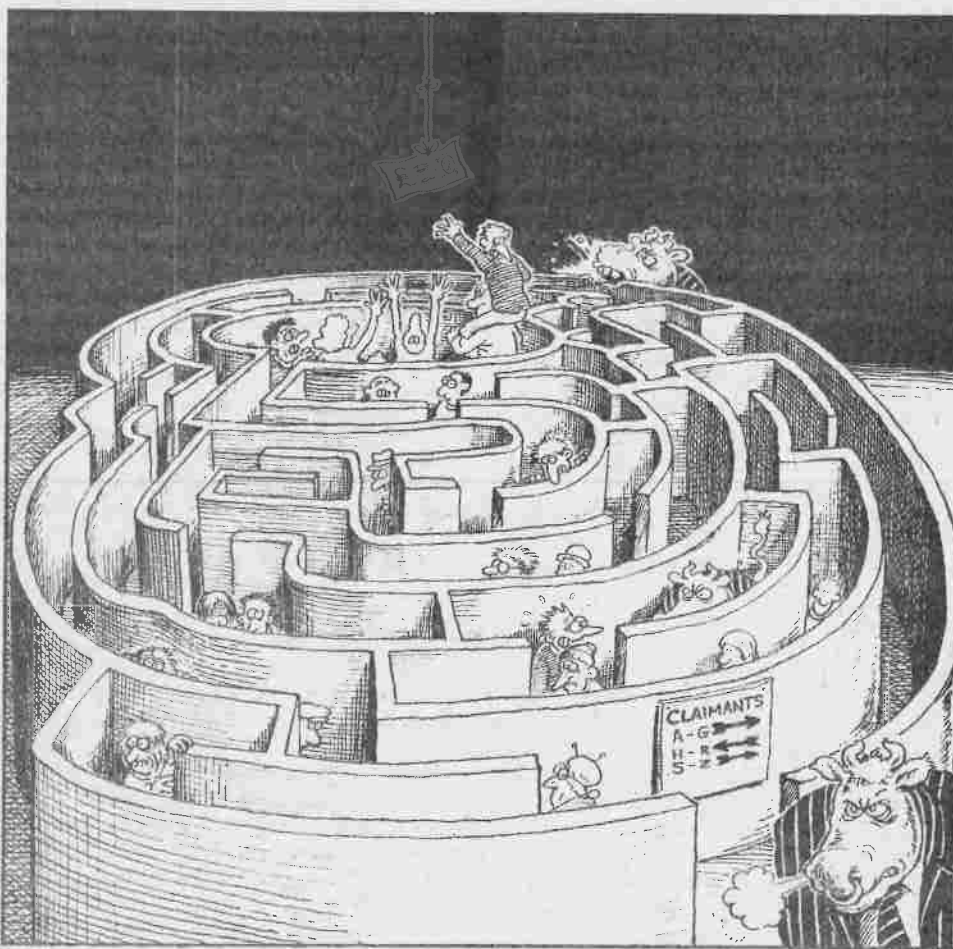
Claimants could often not perceive the rationale underlying the sums paid in benefit or deducted. Perhaps this is not surprising as, although the relativities contained in the scheme are still a pale reflection of the subsistence requirements worked out by Beveridge, they are essentially set by rule of thumb. They could be varied upwards or downwards and retain as much rationality as now.

More generally, our research confirmed the findings of the few other studies in this field, like that of Nick Bond in Coventry, that claimants possess low levels of knowledge about the scheme which provides all, or part, of their daily bread. The "scrounger"—if he be defined as a man who knows all the fine points of the legislation and the regulations, and is adept at extracting the last penny from social security—is a very unusual animal indeed. People who fail to obtain what they should because of ignorance are much more common.

The government's changes

At present, the scaffolding is up around supplementary benefits. Some of the government's changes should remove problems referred to in this article—for instance, the introduction of a fixed cut-off point of £2,000 will make the treatment of capital much more intelligible. The pledge to provide claimants with a notice of how their assessment has been calculated is also welcome—although a lot will depend on the details here: a majority of the claimants we interviewed who had received a form A124, which explains how their benefit is calculated, failed to read it or to understand it fully.

Moreover, the government is surely over-optimistic when it states in the white paper (Cmd 7773, para 13) that "many of the changes proposed, including the move away from discretion towards rules of entitlement contained in regulations and available to the public, will simplify the scheme for many claimants." Few claimants will spend their time beavering away in public libraries, or would be any the wiser about how rates and amounts are fixed if they did so. And it is likely that ministers and the new Social Security Advisory Committee will take the task of informing present and potential claimants more seriously than the commission has done?



Steve Bell